

# UNIVERSITY OF ILLINOIS

.....May 8..... 19 20..

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ENTITLED.....Argentina and Democracy: A Reality?.....

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IS APPROVED BY ME AS FULFILLING THIS PART OF THE REQUIREMENTS FOR THE

DEGREE OF.....Bachelor of Arts.....

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**ARGENTINA AND DEMOCRACY:  
A REALITY?**

**By**

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**Thesis  
for the**

**Degree of Bachelor of Arts  
in  
Liberal Arts and Sciences**

**University of Illinois  
Urbana, Illinois**

**1990**

El futuro no esta escrito, porque solo el pueblo  
puede escribirlo

The future is not written because only the people can  
write it

-Adolfo Suarez

## Table of Contents

Introduction	1
Contemporary Political History	4
The Role of the Military	16
The Roots of Today's Economic Crisis	31
Transition to Democracy	38
The Argentine Democratic Experience	55
Conclusions	70
Appendix	75
Bibliography	80

## INTRODUCTION

As the last decade of the twentieth century unfolds, the world watches a profound and overwhelming growth of democracy. Argentina formally embraced democratic government in 1983, becoming the Southern Cone's leader towards such progress. After seven years, however, the actual realization of democratic consolidation is questionable.

Early in the twentieth century Argentina's future appeared promising. Near self sufficiency in petroleum, a literate dominantly immigrant and hard-working population, a broad industrial base, and fertile prairies all seemed to ensure the reality of the nation's future wealth. Instead, the people of Argentina have been on an economic roller coaster ride through many cycles of austerity and recession continuing today with hyper-inflation.

Similar to economic volatility, politically Argentina fares no better. Since 1950, Argentina has seen eighteen presidents govern of which only eight were elected. And of those eight, four were deposed by the military. Military governments employed repression of their people in order to improve the steering of the economy. Between their economic and political hardships, the Argentine people continue to suffer miserably.

In the past, Argentina resembled nations that today

guarantee political rights and that rarely undergo economic crisis. Therefore, in examining the case of Argentina it is difficult not to ask, what went wrong? Argentines are diurnally affected by economic and political instability, military repression, and widespread corruption. What part of the formula is missing for Argentina to provide for its citizens as nations similar in compositional make-up have for theirs?

Many people blame the historical influence of Spanish colonialism along with the stronghold of the Catholic Church on society. Such hierarchical organization contributed greatly to the acceptance of the authoritarian methods by which the government rules and it also discouraged broad based democratic participation from taking root.

Prior to the independent era, the Latin American colonies had been hierarchically and patriarchally governed consistent with Spanish-style rule. During the independent era the leaders of Argentina continued such a centrally dominated system, never really defining for the people the role or function of "the state". Hence, today, each individual has his own idea of its function.

In the twentieth century, too, faulty economic plans chosen by corrupt leaders who were mainly interested in protecting their personal status instead of increasing the general well-being of their nation, contributed to Argentina's present situation.

It should also be noted that the effects of the international system on Argentina become more relevant as the twentieth century progresses. While the Argentine model of economic strength and freedom severely falters through the years, it is increasingly characterized by its world position as a "dependent", or "peripheral", nation of the developing world, as it is constantly struggling to increase its well-being only after it first repays its external debt obligations. Argentina remains a victim due to today's financial institutions, the impact of the world market, and the developed nations' expectations of democracy with their imposition of political institutions over those already deeply rooted.

Inherent within the examination of the historical and cultural, economic, leadership, and international variables contributing to today's situation in Argentina, the most weighty element responsible for the lack of true democracy is the middle classes. It is with them that a social-democratic revolution could start, with them that democracy in its truest form could be defined, and with them that the future possibility of democracy's realization lies.

## CONTEMPORARY POLITICAL HISTORY

Only by fully understanding the historical role and organization of the Argentine state, and the nature of events that determined today's political, economic, and social climate can one begin to grasp the problems involved in the democratization of Argentina. Therefore, it is important to examine specific eras in contemporary Argentine history.

During the twentieth century, one leader especially, Juan Peron, affected his society more than any other individual. The movement he ignited, Peronism, dominated the political, economic, and social life of Argentina under his own direction from 1946 to 1955. Since Peronism marked a new era in Argentine history, and since it has proven to stand out as the most significant era, it is important to concentrate in this background section on the rise of Peronism and the peronist state. Most of this discussion covers the period from 1930 to 1955.

### ARGENTINA: PRE-PERON

As is true elsewhere in Latin America, independence from Spain did not bring a drastic redistribution of economic, social, or political power. In 1853 Argentina's



first constitution provided for a federal government in which the central legislature would be strong, while the provincial legislatures would retain some power.

With a mighty landed Creole class, Argentina encouraged immigration by Europeans. As their wealth depended upon increasing agricultural productivity within the primary goods export economy, the elite's objective in increasing immigration was to enlarge the labor pool so they could employ the newcomers as rural workers.

This extended invitation had profound political consequences as the new settlers eventually abandoned rural labor. While industrialization had not yet fully accelerated to its potential, the prospect of increasing socioeconomic rewards encouraged the immigrant and peasant to migrate to the cities, especially Buenos Aires. Eventually this new trend created a middle class, something unknown in traditional Argentine society. As industrialization pressed forward, the new middle class started demanding more political participation.

Hipolito Yrigoyen (1916-1922, 1928-1930), the first Argentine president faced with this political dilemma, demonstrated his liberalism by allowing workers to loosely organize themselves into labor unions, thus gaining some leverage in the political arena. However, when the

traditional land-owning and politically dominant elite class sensed the possibility of a loss of absolute control over society, they conspired with the military and succeeded in overthrowing the President.

Until 1943 all Argentine leaders after Yrogoyen (Jose Uriburu, Agustin Justo, Roberto Ortiz, and Ramon Castillo) adopted policies that favored the conservative landowning class. For example, these men contributed to North American and European imperialism by allowing the exploitation of Argentina. Presidents, like Justo, also used military repression of organized labor groups to ensure the stability of the state and protect the land owners and the increasing number of foreign investors (Ciria: 36-40).

#### FOUNDATIONS OF PERON'S ECONOMY

The Argentine economy, like that of other Latin American countries, was characterized by a substantial emphasis on its agro-export sector. Because of Argentina's dependence on primary commodities for foreign exchange, world market conditions could dictate the Argentine economy's strength. During the 1930s the only substantial industry worthy of mention was that of meat packing. Due to the Great Depression, there was not only decreasing world demand of Argentine goods, but also unusually low prices for such goods. Therefore, the possibilities for success of

Argentina's economy diminished and grew weaker and less secure. Such world conditions resulted in rising unemployment rates and economic strife among the lower class.

As an immediate response to the decline of Argentina's terms of trade, and its inability to provide consumer goods for its citizens, a process of industrialization began in the urban centers. This resulted in an alternative growth pattern from the past's emphasis on agricultural production. After the depression, during World War II, this industrial sector boomed. "By 1944 industrial production constituted a larger proportion of total production than ranching, the production of cereals, and agricultural raw materials (Corradi: 42).

As Argentina's ability to grow industrially and to become less dependent on imperialist powers became apparent, an influential economist, Raul Prebisch, argued for his theory of Import Substitution Industrialization (ISI). This theory recognized the positive growth of the economy during the war years that Argentina had not depended on the importation of U.S. and Great Britain's consumption goods. Prebisch encouraged the growth of Argentina's industrial capacity through such policies as high tariffs on finished imported goods and government redistribution of income into industrial instead of agricultural investment. This policy

-8-

would provide employment while economic dependence on the world would diminish.

Although it seemed for a period that the economy was booming, the policy of ISI in effect failed. This failure, however, did not become obvious until years later. ISI had deteriorated for one major reason: While it discouraged the import of finished goods, it exacerbated the import of capital equipment, steel, metals, and fuel. The phenomenon of a country industrially expanding but only in the production of finished goods is known as light industrial growth. Because the government never attempted to expand into heavy industry (capital equipment, metals, fuel), the reliance on foreign imports to produce consumer goods actually grew. The high cost of production, in turn, undermined the competitiveness of Argentine manufacturing in the international system. At the same time, Argentina's exports could not support its own demand for those "heavy" industrial goods. These imports could only be obtained with enough foreign exchange. Because Argentina could not compete internationally, it could not generate the foreign exchange to purchase all it needed.

#### THE RISE OF PERON

During the early World War II years, as economic

prosperity grew among the working class, this sector continued to clamor for increased representation, creating political tension between themselves and the conservative elite. The masses still tried to organize themselves into labor unions and some political parties. By 1943 the desire for political participation had become so widespread that the masses became belligerent towards the military, complained of decadent rulers, and demanded a thorough clean-up of fraudulent elections and government in general.

In the meanwhile, the 1943 government gained little respect from its own people and scarce recognition abroad. As Yrigoyen had in the First World War, Presidents Castillo and Costas had both kept Argentina from direct involvement in World War II. However, an increasing pro-Axis fascist sentiment was rising through the ranks of the military. Many believed that the Axis powers would win. On the other hand, after 1943 when it appeared obvious that the Allies would triumph, and Argentina still refused to join the Allies, the United States was offended by such rejection.

After the military takeover of 1943, the political environment changed. Through a secret military pro-fascist organization, the GOU (Grupo de Oficiales Unidos), Colonel Juan Peron rose as Secretary of Labor and Welfare. Peron was aware of the vast cleavages in Argentine society. He amassed tremendous popular support as he organized every

type of labor union thought possible and simultaneously obtained the support of a few key military figures. Just prior to the elections of 1946 Peron delivered a moving speech outside of a university. The crowd begged him to run in the upcoming election as President, and he gained even more legitimacy.

Not surprisingly, Peron emerged victorious in those elections. As history has it, those were the last nonfraudulent elections in Argentina until 1983. Peron was responsible for ending the assault on workers organizations. He reversed Argentine labor policies and satisfied the demands of the left and center. According to Corradi (p. 42), "He organized the unorganized." His objective was to increase the masses' welfare, accelerate the country's development, enact labor laws, and increase national unity. He united socialists, communists, progressives, and new industrialists with clerics and sectors of the military. Even though peronism consisted of a forceful and charismatic executive, it was no typical dictatorship, since it resulted also from the profound alliance between the government and the new urban industrial middle class. According to Crassweller (p. 224), Peronism was not fascism, communism, a dictatorship nor imperialistic. "It was a combination of authoritarian corporatism, populism, and nationalism that had Caudillo elements also."

PERONISM UNDER PERON : PART ONE

In 1946 Argentina was ready for Peron to assume leadership of the country. He had risen to power in accordance with popular sentiment. He allied himself with the key sectors of society to bring them together to create unity and to increase the general welfare. Understanding the needs of the urban-dwellers for increased political participation and a rise in real wages, he promised them both and then played upon his promises. As a member of the military, he also allied with key figures to ensure that the military would not interfere with his plans. He was careful not to offend the Church either. Finally, with a new viable economic program and through his charismatic approach, Peron rose to power.

During the initial period of Peronism, he tried to maintain control over the economy by transferring the economic surplus from the primary export sector to the industrial sector. As earnings grew he increased control over the system. He then nationalized banks, railways, the telephone and gas companies, and increased the purchase of light capital equipment. Again, he too neglected to invest in the country's infrastructure and in agricultural reform. Wages increased and so did employment levels. However, the

maintenance of existing industry depended on imports of necessary items, like fuel and capital equipment. With declining GNP levels in 1948, people began to realize that the cost of living was rising more rapidly than wages, thereby decreasing the real wage. Argentina's terms of trade were declining. Economic decline lead to unrest and to strikes. Peron tried to gain control again, this time by reorganizing labor and naming it the Peronist Party.

Although many Argentines suffered during the decline in growth from 1948 until 1951, their attention was diverted for a couple of years due to a personal crisis that most Argentines shared with Juan Peron. Eva Peron, considered the spiritual leader of the Peronist movement, had cultivated much support for her husband. Her political talents and her strength tremendously aided Peron in attaining high levels of nationalism. She created the avenues to enfranchise women, thus becoming an important feminist figure. She founded a charity organization and was well recognized for its efforts. In 1950 it was first officially reported that she had become ill. For ten months after this announcement until her death, she was publicly monitored. When she passed away, the entire country mourned her death. This tragedy diverted the attention of the masses from the economic hardships they were encountering.



Nevertheless, by 1952 Peron's popularity had waned. After Eva's death he adopted a five year plan to cope with rising inflation, decreasing terms of trade and the decline of the real wage. He proposed an austerity plan of price controls and wage freezes for two years and an annual reduction in real wages. Although many suffered under such measures, creating opposition, the economy appeared to be recovering.

Again in 1953 a few events resulted in the loss of Peron's popularity: Peron outlawed opposition parties and jailed a few labor leaders, he censured the national newspapers, and he collaborated and negotiated with the dreaded Standard Oil Corporation for "exploitation" of Argentina's oil. This was a direct violation of one of Peron's original tenets: anti-imperialism. Alleged corruption of the government also contributed to lowering the morale of the masses.

Relations with the Church until this time in Argentine politics had been good. However, by the end of his rule, Peron had taken a fourteen year old mistress. Antagonizing the Church further, he legalized divorce too. His discharging of two Bishops almost resulted in excommunication by the Vatican.

As tension grew so did violence, mainly from the right.

Politically motivated military officers realized the opportunity for power when a series of terrorist occurrences led to chaos on June 5, 1955. The Church took down the Argentine flag that day to put up the Vatican's. Masses left for the plaza despite Peron's warnings of possible bombings there. Admiral Turanzo Calderon ordered air strikes over Peron's home in an effort to assassinate him. On August 31, in an ambiguous letter Peron issued to the military, he insinuated resignation of Presidency. On May 1, 1955, he fled the country and went into exile.

Many blame fatigue, poor planning, and lack of common sense for Peron's downfall. In addition to economic and personal crisis, Peron alienated his most knowledgeable and influential advisors because he was so consumed in his personal affairs. Also noteworthy in examining Peron's downfall is the toll Evita's death took on him, the poor state of the economy, and finally, the alienation of the Church.

#### THE LEGACY OF PERONISM

Whatever the causes for Peron's fiasco in maintaining the strong popular support that he had previously cultivated, it is important to recognize the significant impact that he had on Argentine society. He originally paved the road for the masses to express themselves

politically, thereby allowing some political mobilization of society. However, when his economic policies began to fail, he represented the active population through methods previously used during other political regimes. Eventually the newly mobilized masses demanded their political input, but did not receive a governmental response as they had when Peron first came to office. Therefore, this large, angry, mobilized force demonstrated, causing instability until the military intervened and essentially ousted Peron from his position.

The impact of Peron was profound. He accelerated the nature of the changing economy from a country heavily dependent upon consumption imports to one that was even more detrimentally dependent upon capital imports for its industrialization, thus intensifying dependency on the despised imperialist powers. He also mobilized the masses of Argentina without providing for the proper institutionalization of this element of Argentine society. Once given some political freedom, they refused to return to a repressive style of government.

## THE ROLE OF THE MILITARY

The rise of Peronism in the early forties can be explained by the fragile balance of Argentine social forces like the military, the wage earners, the industrial classes, and the Church. Although he mobilized the lower class, Peron failed to consolidate his ideas by providing proper channels for political participation of the masses. A society that lacked deeply rooted democratic political institutions made way for military leadership to emerge.

The legacy of Peronism is reflected in the fierce struggle between different sectors in Argentine society. The newly and fully mobilized populace had relatively high expectations for political power and material consumption. Although mobilized, they lacked effective institutional vehicles to achieve their aspirations.

On the other hand, the military saw the mobilized populace as a threat and it sought to control them. Eventually when the military intervened and attempted to demobilize the masses through repressive policies, such actions backfired, as the nation became increasingly polarized and much more economically crippled.

The basic features of post-Peron Argentine society, from 1955-1982, included a ruling elite and a military class tied to foreign interests who tried to return the nation to

trade and dependent growth, the <sup>-17-</sup>defeated Peronist mass divided and forced to organized through an underground movement, a formal democratic structure of parties only in the upper and middle strata of society, and an economic strategy to encourage monetary stabilization by restricting wages and promotion of the export sector. Such features only served to further frustrate the masses and led to more recent political violence. By the early eighties, Argentina suffered from such political and economic instability that no sector trusted any other. A peaceful future seemed impossible.

#### ECONOMIC CONSIDERATIONS AND MILITARISM

Knowledge of economic development of this era is helpful in understanding the reasons for political calamity. During this period, interludes of growth were followed by declines of similar magnitude. Four types of policies were implemented to restore and maintain growth and to curb inflation: stabilization and devaluation plans, foreign investment by multinationals, and foreign loans. As some of these policies resembled some of Peron's, they were enacted and then re-enacted in 1959, 1962-63, 1967-69, 1973-74, and again from 1976-80.

Many criticisms of such policies emerged. Stabilization policies usually hurt the wage earning masses.

-18-

Many times wages were frozen while increasing inflation caused a decrease in the real wage rate. Consumption fell also. While the object of devaluation was to correct the balance of payments deficit through the promotion of exports and the discouragement of imports, these policies only yielded short term recovery and always prompted an urban recession. Recession resulted in a decrease in government revenue and therefore a decrease in government spending, deepening the contraction in the economy. Such policies led to massive strikes.

Originally, during the ISI policy popular during Peron's reign, foreign investment was favored as the means to achieving industrial growth. Similarly, during the post-Peron era, investment by multinationals was seen as the means to provide the possibility of passing onto the stage of consumer diversified products, cheaper goods due to efficiency, and more modern products resulting from the access to technology. In many cases, however, the multinationals undermined the growth of manufacturing and employment. In reality much of industry became "final touch", since multinationals retained most of their technological know-how in their mother country. Many theorists agree that multinationals exacerbated social dualism since they favored capital intensive forms of production. These practices resulted in an increase of unemployment. Also, much of the profits were transferred abroad instead of being

reinvested into the Argentine economy, further magnifying the balance of payments deficit.

Finally loans, mainly from other governments and from the IMF were only provided under the most stringent conditions. The IMF called for cuts in government spending and decreases in price subsidies and supports for agricultural commodities. Such practices to obtain foreign loans eventually led to recession and unemployment, as strikes became more common-practice causing a decrease in production, and leading to recession and unemployment. All of these policies to mend the Argentine economy only temporarily slowed inflation and never provided a permanent solution to restore growth. As the economic policies continued to resemble past failed economic policies, the situation increasingly folded into a crisis of extreme instability. From 1955 to the Falkland Island Crisis of 1982, sixteen governments held power in Argentina.

#### HISTORIC-POLITICAL CONSIDERATIONS AND MILITARISM

Suffering the most from the economic policies enacted after Peron's regime were the masses comprising the wage earning class. When they endured some hardship, they participated in strikes and sit-ins. The government sought to control and to decrease the populist movement by banning the Peronist political party. However, Peron's work could

dollars, Argentina was encouraged to borrow. At that time loans were considered to be of little risk, as the international banks had been recently flooded with OPEC revenues.

From 1974-1980 Latin American governments used borrowed funds to increase public expenditures, such as subsidizing industry, at the expense of Argentina's own capital formation. While policy makers could have chosen to devote resources to heavy industry, light industry was promoted. However, when interest rates rose in 1978, the terms of trade between Latin America and developed nations decreased. Coupled with international recession, difficulty in meeting debt service obligations and increasing protectionist policies abroad, the economic situation drastically worsened in Argentina by the early eighties.

#### ECONOMICS IN PRACTICE

During the mid 1970s the military government attempted to solve Argentina's economic dilemmas. General Jorge Videla realized the recurring problem of correcting the economy while trying not to alienate the masses. First, he made Jose Martinez de Hoz his minister of economics. Martinez de Hoz attempted a seemingly inconsistent policy of: Anti-inflationary measures, monetary and financial reform, a return to economic growth, and a redistribution of



-21-

income to produce greater productivity (Epstien: 996). Despite these policies, inflation remained extremely high and the income gap widened. The currency, the peso, had been overvalued and had caused a current account deficit of \$3.259 billion by 1980 (Epstein: 998). Real domestic interest rates had been negative during the end of the seventies reflecting doubts about the viability of the exchange rate, and causing capital flight of over \$11 billion. By the early eighties the Argentine banking system was on the verge of collapse (Adamson: 734).

In December of 1983, President Alfonsin of the Radical Party took over a bleak situation. The last four months prior to his presidency had been characterized by inflation of over 600 percent. Argentina had finished its fourth year of recession. Obligations to pay the foreign debt mounted, unemployment and underemployment were on the rise, while net international reserves were depleted.

Alfonsin's plans resembled those of Peron, as he sought to minimize the gap created by the uneven distribution of income and to attack inflation. He wanted to decrease the budget deficit by four percent, to introduce new taxes on luxury goods and on inheritance, to stimulate economic growth through state intervention, and achieve an exchange trade surplus of \$3 billion. "His general political,

social, and economic goals for progress were to represent the best defense and safeguard for the continuation of newly restored democracy" (Looney: 127).

Therefore, in 1984, he implemented the Austral Plan of austerity, which consisted of wage and price freezes, a fixed exchange rate against the dollar and the creation of a new currency (Labrini: 511). The government had hoped that the interest paid on Austral bank deposits would be sufficiently attractive for a dollar-linked currency to absorb privately held dollars and allow monetary expansion. Hopefully money supply increases would cease and inflationary pressures would decrease as a result. Although real wage earners would suffer, the government hoped that it would be perceived by the population as being relatively fair in terms of the distribution of sacrifice. As expected, the progress on inflation was paid for by a deepening of the recession already existing when the Austral Plan was implemented. "Between the second and third quarters of 1985, GDP worsened from an already negative -4.6 to -8.2 percent before recovering to a positive 3.7 percent in the final quarter." (Epstein: 1001) Typically, along with recession, unemployment increased too.

Considerable erosion in popular income led to greater labor militance. The main coalition of labor unions, the

not be undone. He had mobilized<sup>-23-</sup> the masses, and there was no turning back. Because the government neglected this class' needs, populism remained an important force in the Argentine political environment.

For example, popular unrest became evident through the initiation and acceleration of violence. Episodes of mass rioting in Cordoba in the late sixties and seventies, from several guerrilla populist movements, commonly emerged as means of political expression in the 1970s. As a response, rightist secret police groups combated the "subversive" activity.

During these years, it is important to note how many times Argentine history repeats itself. Not only do the policies enacted during the three decades of the fifties, sixties, and seventies resemble each other, but political attitudes and governmental policies reflect some typical characteristics of nineteenth century Latin American militarism.

Political instability first resulted from the lack of legitimacy of Argentine leaders. While most only served as military puppets, the incumbents enacted severe economic policies, mentioned previously, that caused economic strife among the working class. Therefore, popular attitudes reflected a mistrust of the government.

Repression became the tool most employed by the leaders

-24-

and the military to contain populist movements. Throughout Latin American history such measures stemmed from the dominant force of militarism in putting down popular uprisings. Such action, learned first when the Spanish invaded and later controlled the indigenous populations of Latin America, was employed in the nineteenth as well as the early twentieth centuries. The military in Latin America had always assumed an active role in government, usually to promote a stable environment for political and economic events.

Argentine military leaders have repeatedly outlawed populist-based political parties, while still permitting the upper class to politically organize itself (Corradi: 376-380). Not until factions within the once unified military deviated from supporting this policy did the country become so destabilized and eventually crumble in the eighties.

#### TRACK RECORD OF ARGENTINE MILITARISM

At first, when Peron fled, the government, led by military backed Lonardi, resolved to repress the Peronist party, but not its bureaucratic controls over the economy. He preached "Peronism without Peron" (Rock: 334). Lonardi recognized Peron's firm grip on the public. Although he disagreed with Peron's premises, he knew that his own

-25-

legitimacy would not be established without recognition of his predecessor and the promise of the continuation of Peron's policies. However, only nine months after entering office, the military deposed him and supported Aramburu for office.

Aramburu, in contrast to Leonardi, attempted to extinguish the still present elements of peronism within the structure of the labor unions. He employed authoritarian control by arresting union leaders, abolishing the Peronist constitution of 1949, and outlawing peronism as a political party. Like Leonardi, Aramburu was overthrown by the military in 1959 due to economic instability.

Also backed by the military, Frondizi attempted to ally with populist factions and made promises to control the economy. However, he became only but another of the military's tools. Economic recovery seemed to prevail over the next few years, as industrial development was accelerated. Frondizi, however, could only restrain inflation for a short period. When foreign investment slowed, due to public demonstrations which created the perception of instability, the balance of payments crisis emerged. Further foreign investment resembled capital intensive tendencies and once again unemployment soared and strikes spread. Argentina suffered from another recession from 1962-63. Frondizi only escaped open junta rule then

-26-

because of severe divisions within the armed forces.

When the military disallowed Frondizi from nomination in the upcoming elections, another military puppet, Arturo Illia, became President. Illia attempted to control the economy through identical unpopular methods as in other periods, thus causing civil unrest. Unions opposed such policies through strikes and sit-ins. Although prohibited as a political party, Peronists were becoming more popular. In 1966 the army abandoned Illia and Onganía emerged as the new leader.

Onganía promised to yield to true democracy after he restored the economy, revived growth, and achieved social peace. To accomplish such a feat, he first wanted to create political stability. He did this through the use of force by intervening in the national universities, creating a police force, and by not accommodating trade unions. All strikes were smothered by the government. In 1967 he tried yet a new stabilization plan called the Kreiger Vanesa Plan. Like those stabilization plans of 1952, 1959, and 1962, this plan relied on a steep devaluation.

The most significant riot Argentina ever experienced erupted in 1969 in Córdoba. Onganía lost all authority after the repression of students and auto workers. Violence broke out in the streets as cars were overturned, shop windows were destroyed, and people were trampled upon. It

was evident that Ongania could<sup>-27-</sup> not restore the social peace as he planned. Since the tension in the political environment became so great, foreign investment fled from Argentina. Rural guerrilla groups emerged in 1970. Simultaneously a secret police group, Mano, appeared. Mano participated in the kidnapping of students and union militants. Those who returned reported that torture was the main method of information gathering employed by the police group.

In 1970 General Roberto M. Levingston took over and tried another stabilization program. But again in 1971 Cordoba erupted into its second violent explosive demonstration. When he could not maintain power, he surrendered the office to Lanusse, who promised elections and restoration of civilian government in 1973. However, guerrilla movements and clandestine group action of the right accelerated. Lanusse lifted the eighteen year ban on Peronism to increase his own popularity.

Since Peron kept in touch with certain factions while in exile, he could influence and motivate certain sectors of Argentine society to support his return. While visiting the country in 1972, Peron restored Peronist control over unions and business associations. The masses' expectations rose as they hoped for a restoration of security and the possibility of economic prosperity. In 1973 a close companion of Peron, Campora, won the election. Although a Peronist attained

political power, stability did<sup>28</sup> not occur. Therefore, the masses clamored for, "Peronism with Peron."

Once in power again (1972-1974), Peron's presence increased the level of optimism, but he could not restore order, even among his followers. Still guerrilla groups and violence prevailed. Now a new secret police organization on the right became active, the Triple A. Peron assumed power during a brief period of economic prosperity, and taking advantage of a political calm, enacted similar economic policies to those of his first two terms. He allowed stiffer sentence terms for terrorist acts and ignored the Triple A's brutality. But in 1974 at the age of seventy-nine, he died of heart failure.

When his widow, Isabel, assumed power, the pressure from the economic, political, and social crisis increased. Through 1974 more guerrilla warfare, bombings and assassinations were carried out and the government finally declared a state of siege. From 1974-76, when she was removed by a military coup, Isabel Peron enacted economic policies similar to her predecessors'.

In 1976 General Videla became the head of a military junta, marking the beginning of a period of time that would later be known as "the dirty war". General Viola, after Videla, continued using the most severe forms of repression yet known to the Argentine people. Kidnapping and torture were used upon thousands of Argentine citizens



as a method of control by state terrorism.

Consequently, the economic policies of the Minister of the Economy, Martinez de Hoz, were merely intensified replicas of preceding plans to straighten out the economy. Not only did they drastically fail, but they, and other factors to be discussed, contributed to a steadily growing phenomenon in Argentina -- the emergence of a severely poverty-stricken class.

Political divisions within the military allowed General Galtieri to rise to presidency in 1982. He, amongst others, recognized the decreasing unity within the armed forces and its waning control over the population. Therefore he attempted to use a new method of control -- creating national unity by initiating a war in the Falkland Islands. Such an act diverted the country's attention and finally demonstrations of solidarity within all sectors of Argentine society emerged in support of the war.

#### SUMMARY

The situation that resulted from an economic policy of increasing industrial growth and stabilization of the economy favored the elite classes, while the mobilized masses believed such policies counter to their own best interests. Resulting from such diverse attitudes was extreme political tension. This tension led to protest that

drew the army in to quell such demonstrations of unrest and to demobilize the frustrated populace. As the military sought demobilization of the masses, it too disintegrated as a cohesive unit. Extreme violence in society emerged from both leftist guerrilla groups and from the secret police groups on the right as social tensions soared. Due to this entangled process, the military never sufficiently resolved fundamental problems in Argentina: Industrialization failure and proper institutionalization of the masses. The violence that erupted throughout the seventies is a direct bi-product of such repression. Finally in 1982, the country was left with no other recourse but to plunge into war against another nation to avoid its self destruction.

Historically the military has been revered as the one institution the Argentine people could rely on in times of crisis to bring stability to the forefront. It is the logical extension of patriarchal and hierarchical dominance first laid down by the Spanish and by the Church in the colonial period and continued by the caudillo of the independent era. The Argentine people still look to the military for confidence as a child looks to his father for authority. Such authority is not only accepted, but requested each time it seems as though the crisis is at a climax. Its function is an integral part of the Argentine political culture.

## THE ROOTS OF TODAY'S ECONOMIC CRISIS

Argentina, a nation well endowed with both human and natural resources and a vast productive agricultural capacity, can be considered a potentially wealthy country. However, since its independence, it has never been able to sustain its own economic activity. Particularly since the 1940s, the majority of the Argentine population has suffered economic crisis upon crisis, causing significant instability within the political foundation of the country.

Emerging from deep stagnation and entering onto a path of self-sustained economic growth, however seemingly impossible for Argentina, is the only way to avoid the possibility of widening already existing social and political cleavages in the 1990s. Argentina's economy has suffered recurrent crises interrupting this process. Such problems that still remain include large trade deficits, foreign debt, and high rates of inflation. Many past policies have been tried and later retried again by different leaders with various political leanings.

### FROM PRIMARY EXPORT ECONOMY TOWARDS INDUSTRIALIZATION: ARGENTINA AND IMPORT SUBSTITUTION INDUSTRIALIZATION

The roots of Argentina's present economic crisis were

planted during the first Peronist era, when the Import Substitution Industrialization (ISI) policy was first implemented. Peron plundered the wealth of the agricultural sector to pay for the industrialization of Argentina. Since the export trade became nationalized, the farmers were forced to sell their goods for much less than market price. Agricultural producers, with far less incentive than previously, have never fully recovered as agricultural output has never assumed its role as a world-wide leader (Ambrose: 20).

The other detrimental effect ISI had on the Argentine economy was that industry could not compete internationally, because of the concentration on "light" industry (the production of consumer goods) instead of "heavy" industry (the production of capital equipment). Due to the importation of all capital equipment, production costs were high, and prices followed. Industry could only rely on the domestic market instead of competing abroad. The imposition of extreme tariffs for imported goods allowed the government to subsidize industry. Such actions only led to increased government spending and caused inefficiencies in production to be passed on to the consumer (Country Report: Argentina).

#### ISI'S UNEXPECTED SIDE-EFFECTS

Another problem, a constantly shrinking domestic market, emerged as most wage earners suffered tremendously. Due to the colossal amount of government spending on industrial subsidies, and to the increasing balance of payments deficit resulting from events such as the OPEC crisis of the seventies, the government employed stabilization policies. Argentina's rate of inflation mounted as the price of finished products had to increase. As a result of inflationary pressures along with government stabilization policies, the real wage rate declined, drastically hurting the populace. As the average wage earner could not afford either Argentine produced goods, nor imported goods, he suffered and caused the domestic market to contract.

#### CONSTRAINTS OF THE INTERNATIONAL SYSTEM

Besides the characteristics of the Argentine economy, the international conditions of the seventies contributed to today's economic crisis. The initiation of floating exchange rates in 1971 followed by a decline in the relative value of the dollar had a detrimental effect on Argentina. Since the dollar facilitated trade between the U.S. and other developing nations, and since the oil needed in industrialization and consumption had to be purchased with

CGT, called its fourth strike during the Alfonsin administration in January of 1986. Talks between the CGT and the government proceeded for months as little was accomplished.

The increased trouble with labor signified the weakness of the Radical party. The unions would only cooperate with such a government as long as they received wage increases for their members. Increasingly, potential investors in business were hesitant to pursue their original objectives. Farmers protested what they saw as high taxes by uniting in work stoppages. Finally, several Peronist provinces escaped spending restrictions by creating their own money and by refusing to obey Central bank directives (Epstein: 998-1002).

After its first eighteen months, like previous attempts to mend the economic crisis, the Austral Plan failed. Suffering from difficulties in enforcement without popular support, the Austral Plan helped Alfonsin misallocate resources and actually decrease the standard of living. Government intervention through price controls, tariffs, increased borrowing and inflation only hindered economic progress.

After Alfonsin moved elections earlier than planned to April of 1989, Peronist leader, Menem, was elected. He

drastically increased the money supply to lower interest rates. He neglected to cut government spending, and instead increased taxes. Only one week later the economy suffered a total collapse. Presently the situation does not seem too hopeful. Investment is at a halt and little construction is taking place. "Ford, Fiat, and Peugeot are working at twenty-four percent capacity of production" (Ambrose: 21). Unemployment is exploding to unprecedented levels as firms and the government let go of unnecessary labor to cut costs.

#### CONCLUSIONS

Many critics of past Argentine regimes agree that if the government would have taken less of a Keynesian, or government interference in economic crisis, approach to economic policy and more of a hands off approach to development, then the country's economic progress could have increased. They believe that past governments did not know their role with regard to the economy. Such profound misunderstanding contributes to only more economic and political instability. Most do not believe that the shock of hyper-inflation can be stopped without the shock of a recession. As in the past, however, a recession would send people to the streets in mass demonstration, only creating and increasing levels of political instability.

Although an open economy without outrageous protective tariffs and the commitment of the government to stop adding to the inefficiencies of industry through granting subsidies would be necessary to help the Argentine economy, that would only scrape the surface of the problem. For Argentina to solve its current economic difficulties, the economy would have to be stimulated through substantial private investment. Only in this case could the educated work force be employed. An employed work force would ensure the expansion of the domestic market.

However, certain factors are presently discouraging such a recovery. For one, with no reforms in income distribution, the lower classes cannot accumulate wealth and therefore, cannot help to increase the domestic market. Another reason why it is so difficult for growth to occur is the political atmosphere of the country. In the past Argentina's political instability only dissuaded entrepreneurs from investing in that economy. And finally, the government has always had to concentrate so intently on its economic crises that it cannot increase the quality nor the quantity of government services, particularly education, or the retraining of labor into another sector once they have been fired.



Whatever the grand design of politicians and economists of the past, attempts at mending the economy of Argentina when an entire overhaul of the system is necessary have proven to be significantly costly failures. On the other hand, given the economic and political constraints of the society, administrators have few other alternatives within the democratic framework of government.

## THE TRANSITION TO DEMOCRACY

To examine the possibilities of, the process of and the progress of democratization in any nation, it is essential to examine the forces that contribute to its political, social and economic climate, and, most importantly, one must explain fundamental properties of democracy. Without a working definition of democracy, the detailed description of history in Argentina, for example, is meaningless. Similarly, in examining the democratization of Argentina, it is helpful to explain why countries move towards democracy, the conditions necessary to allow for its realization, as well as possible obstacles to such a process. Only after discussing such general concepts, especially those relative to Latin America, can one begin to examine the democratization of Argentina.

### DEMOCRACY: A DEFINITION

To provide for the efficient administration of society, man organizes himself in some logical structure. Through milleniums of trial and error, various forms of government contributed to the relatively recent evolution of democracy, the dominant ideology of the twentieth century. History demonstrates that nations are not born democratic, but rather achieve democratic qualities after first struggling

under some other form of government.

Different nations do not share identical histories; only the historical and cultural constraints of each nation can define its form of government, and therefore, democracy. Acknowledging the fact that democracy's parameters are individually determined within the context of a nation's experiences excludes the possibility that two identical democratic states exist.

Democracy implies the sharing of power. More specifically, though, many past theorists define democracy in traditional institutional terms as a system of checks and balances within a governmental framework as well as a separation of executive, legislative, and judicial powers. Such definitions further imply the imposition of elections in determining officers of the state. Also included are the political freedoms like freedom of the press, the right to assemble, the right to participate in the political process, and the freedom to form opposition. The degree of public awareness and the accountability for the collection and expenditure of public funds, civilian supremacy over the military, the separation of Church and state, the strength of the local government, and a representative pluralistic government, are all characteristics commonly emphasized when discussing democratic governments as well (Wiarda:140-141).

However complete such a definition appears, such a myopic view of democracy is a dangerous method by which to compare nations' democratization processes. It is difficult to accept such a definition, for it ignores the realities of the histories of other states. It is too caught up in the Anglo-American framework of democracy, thus it perceives experiences that fall short of the stated requirements as failures. Such a view of democracy is many times not only ethnocentric, but it serves as an excuse to justify a country's decision to invade another at random. Such a view of democracy constrains the ability of some nations to develop the true form of POWER-SHARING that would best suit their historic experiences. Perceiving democracy in such a traditional light can lead to the imposition of dysfunctional institutions over an already existing and deeply entrenched hierarchical system (Wiarda:146).

Nevertheless, although the traditional definition of democracy can be dangerous, it also at times, if kept within perspective, can be helpful in examining the operation of democratizing countries.

Still, a more modern and less restrictive definition is necessary to broaden the scope of and lift democracy from the Anglo-American specific context. Democracy can be described as a system by which different groups are

guaranteed access to political institutions and where conflicting interests are expected. In a democratic state all participants are familiar with the process by which conflicts are terminated. Each group has a choice of a strategy in resolving a conflict, while each strategy has a consequence. Democracy is a constant struggle to pursue interests with no guarantee of future outcomes. Such outcomes are not uniquely determined by institutional arrangements nor by places occupied by the participants within the system. Unlikely outcomes can and do occur. Democracy is the institutionalization of uncertainty. All groups are subject to such uncertainty and no group can intervene when outcomes of conflicts violate the individual. No one's self interests are guaranteed (O'Donnell: 60).

#### DEMAND FOR DEMOCRACY

Since democracy implies the possibility of an alternation of power, the transition to democracy refers to more than simply a liberalization of an authoritarian regime. While liberalization indicates a decline in repression and a reestablishment of civil rights, it does not include the institutionalization needed to allow for a true alternation of power. The transition to democracy, therefore, refers to the total reconstruction of already existing institutions into some viable structure that will

allow for power-sharing.

Various groups who seek to implement democracy share the belief that their well-being will increase with such a system. Przeworsky explains that groups' interests are at stake. Each group has a purpose;

the armed forces want to preserve authority, the bourgeoisie wants to preserve the ownership of the means of production and the authority to direct production, the state apparatus' (police and technocrats) survival depends upon the political and economic survival of the state. The working class organizes itself in pursuit of increasing its economic and political well-being. In sum, after a violent (and sometimes non-violent) struggle, the costs of trying to eliminate the force of another group outweighs or exceeds the costs of tolerating each other's differences (Przeworski: 33).

After a struggle, members of groups within a society finally realize that it is more practical to cooperate with the other sectors than to continue to battle against them.

The impetus for democratization can also come from outside of the system. Some view democracy as desirable because it is associated with stable, safe, politically

free, socially just and economically sound capitalist nations. Countries see the establishment of democracy as a necessary condition for the eventual realization of such goals. Many times such countries are under or have histories of authoritarian and/or totalitarian regimes in which these freedoms are less common. In this case, democracy is desirable to increase personal freedoms and economic well-being after acknowledging the progress of other democratic nations (Whitehead:9).

#### NECESSARY CONDITIONS FOR DEMOCRATIC DEVELOPMENT: MILITARY

Besides the will to democratize, certain conditions must be present in a society to allow for such a transition. The most obvious barrier to achieving democracy is the threat represented by the military apparatus. The transition to democracy can only occur due to a breakdown of an authoritarian regime. Prior to that time the armed forces commonly put down any movement towards democracy, as no opposition is permitted. Authoritarian regimes seek stability; it is possible that this condition is already met prior to the breakdown. Obvious support for alternate governments wanes during militarist regimes. Therefore, at the time of authoritarian deterioration, it is possible that the regime has already realized its functional needs.

Breakdowns in authoritarian regimes also occur due to conflicts within the ruling block that cannot be internally reconciled. Upon disagreement, sectors within the military often go to external groups for support. Due to its lack of cohesiveness, a divided leadership that cannot continue to enforce stability, inevitably disintegrates (Przeworski:32).

As the grip of an authoritarian regime loosens, a liberalization followed by the move towards democracy accompanies the change. While individuals enjoy their first morsels of freedom that the liberalizing regime allows, such a taste only whets their appetite for democracy and the full range of political freedoms and increased well-being that are associated with it.

Another factor that can accelerate authoritarian breakdown and eventually help cause a transition to democracy is the international climate at the time of the breakdown. Sometimes an authoritarian regime may have to forgo certain policies due to foreign pressures. Governments can enter into treaties and aid packages favoring liberalizing regimes. Such actions, many times, serve to encourage the sectors of society struggling for its liberalization, as those who seek liberalization detect a weakness in the authoritarian regime's power.

NECESSARY CONDITIONS FOR DEMOCRATIC DEVELOPMENT: ECONOMY



When adopting any new political system, one essential condition to allow for a smooth transition is a stable economy, and specifically, one that will lend itself well to the new type of political framework. Attempting to employ democracy, such a condition is especially crucial, for in a democracy opposition is permitted and should be encouraged. Under a democratic system, however, economic difficulties lead to popular discontent. Such movements prohibit the potential production levels to be realized, thus contribute to and further escalate the cyclical economic crisis.

When a nation's economy is unstable, the people are usually suffering. Governments have difficulty maintaining their legitimacy to operate, so all attempts towards laying down the proper institutional framework for democracy fails. Thus, often the laws enacted are ineffective and neglected by the public. Executive authority is weak as well, for the leader is unpopular, and the existence of democracy diminishes the role of the powerful military.

With primary survival needs as the stimulus for widespread political participation, the populace is distracted from the implementation of "democracy" and unconcerned about "political institutionalization" . Governmental attempts of regaining legitimacy by satisfying its citizens come from aid packages and foreign loans, which

eventually only dig the economic hole deeper and contribute to future economic instability. The push towards the true realization of democracy can only start after economic crisis is resolved, or the desirability of democracy drops to the people's second instead of their first priority.

#### POSSIBLE OBSTACLES TO THE REALIZATION OF DEMOCRACY

Although the breakdown of and the accompanying liberalization of an authoritarian bureaucracy are necessary factors to the transition to democracy, they are by no means sufficient, for many obstacles still exist. Certain historical factors have favored the emergence of democracy in some regions more than in others. Organizational differences between colonialism in North America and South America on political, social, and economic fronts explain such distinct developmental experiences. For example, while North Americans could practice limited representative government, the Hispanic Americans experienced bureaucratic and hierarchical organization of political administration. A religiously Catholic and hegemonic Latin America contrasted North American pluralist beliefs of individuality. While North America developed an open multi-class system as the result of early industrial capitalist society, South Americans remained socially closed with little mobility due to an economically feudal monopolist and

mercantilist model (Wiarda: 40-42).

During the independent era hispano-american nations further strayed from the possibilities of democracy as the struggle for independence never brought social change. The result of independence was that the king was removed as the symbol of political power but the base and intermediate levels of the system were unchanged. To accompany independence, the elite filled the vacuum created by the crown's withdrawal. The continuing legitimacy crisis resulted in no agreed upon concept of the state. Institutional development was neglected during the independent era, as it would have provided for a more concrete and widely understood definition of the state's function. Therefore, political separation of powers never officially occurred. Although Latin American nations adopted liberal constitutions, these new codes were inappropriate for those societies. As a result, a truly national legal system never developed. Since strong ideological roots of the agreed upon concept of the state never grew, it became easy for its hierarchical past to creep up through the caudillo, or the popular dictatorial often violent leader, giving rise to the populism that is evident in today's politics (Wiarda: 42).

The inadequate traditional description of democratic

nations accounts for other historical and cultural differences of hispano-american institutional evolution. Although human rights are important in Latin American society, they are not taken as literally because, in many cases, the element of violence that characterizes Latin American society still exists. The notion of the state providing for "the common good" prevails over the notion of the divinity of "individual rights". Regular elections exist but they do not necessarily convey legitimacy because coups occur and guerrilla groups persist. Opposition has always been constrained and subjected to higher priorities, and many times viewed as subversive.

Central control stemming from the historical authoritarianism is enshrined far more than independent executive, legislative, and judicial authorities. Military control is expected. Corruption in terms of public expenditures is rampant. Especially in Argentina, since the Church never officially separated from the state, it became the cultural aspect of the state. Finally, grass roots policies are all together ineffective as so much emphasis lies on centralized administration. "Democracy is perceived as an idea to strive for rather than a reflection of reality" (Wiarda:146).

Other historical obstacles to democracy point back to different governmental responses to the mobilization of

society. The development of capitalism and the industrial and educational revolutions, in the early twentieth century, brought forces like the industrial bourgeoisie, the urban-middle class sectors, and a working class onto the political stage for the first time. In different regions elite responses varied to such new actors in society. Three models of reactions are used: inclusion, or the extension of the right to participate; exclusion, or the denial of the right to participate; and coaptation, which is an intermediate form of participation under the control of the elite or state apparatus. Coaptation was commonly the Latin American form of dealing with popular mobilization (Waissman: 77).

Still other obstacles are more abstract. These ideological, political, economic, social, and historic references do not lend themselves to well known models of democracy. This forces the definition of democracy to broaden and allows for new interpretations to emerge. Here the gap of uncertainty that lies within democracy widens. In authoritarian regimes, due to fear of uncertainty, it is difficult to establish a compromise among allied forces and to provide a safeguard for the defenders of the old regime. "Democracy is an ideological defeat for authoritarian bureaucrats.. Authoritarian bureaucrats hate uncertainty -- ideologically, politically, and psychologically" (Drake:

173). But democratic compromise is essential because without it a new authoritarian regime is soon to be established.

Although authoritarians dread the idea of the actual realization of formal democracy, many times they liberalize their regimes and label them democratic to increase the possibility of becoming accepted into the desired post-industrial predominantly democratic international arena. In reality, political democracy is identified by leftist populist parties more as a mechanism for the containment of their followers and for the manipulation of their aspirations than as an institutional arrangement. Restrictive and fraudulent democracies, and the opportunistic recourses by dominant classes to use the title of "democracy" wherever it is politically expedient for blocking the activation of popular and middle class sectors, have not helped the ideological rooting of democracy (O'Donnell: 9).

One reason democracy is so popular is because authoritarianism is discredited. But leaders are excessively cautious in the selection and the manipulation of liberal policies due to the eventuality of the military's subordination to their plans. Increasingly weak regimes form so as not to arouse the military's action. The

emergence of frail democracy is soon to be succeeded by the usual return to authoritarianism because no one will fully yield to the uncertainties of democracy.

Political democracy is usually accompanied by a capitalist economy. However, the economic crisis that democratizing nations face is probably the most crucial factor inhibiting their success. Many times governments attempts to stimulate growth are followed by inflation and an increase in suffering from poverty follows. Opposition to governments' actions demonstrated publicly in the form of strikes cripples further the economy by decreasing production. The economy remains stagnant, inflation and striking curtails spending and further shrinks the market. The economy suffers through a recession. As coming out of recession is difficult enough for a stable democratic nation, it is seemingly impossible for one in transition. Lifting an economy out of such stagnation requires national unity, social discipline, the sacrifice of the present welfare for the future growth-- which all lead to authoritarian control to implement such policies.

Capitalism is inspired by the individual's motivation to maximize his self interests. Theoretically, the equivalent political prescription consistent with maximizing self interests is democracy. However, the market has a

different impact on various types of societies because each nation has its own values contributing to its social structure. For example, in a generally egalitarian society, the market has a less drastic effect on the distribution of income than it does in a developing nation. The nature of capitalism, in this case, does not lead to democratic development but rather to hegemony of the already most influential sectors of society.

Democracy here requires the cooperation of ALL sectors of society. Such cooperation is an impossibility, for democracy may not be the main objective of the people. While some long for the personal and political benefits that democracy would bring, others are more concerned with maintaining what they already have, while still others only concentrate on daily survival from the jaws of hunger. Although democracy leads to the securing of personal freedoms, due to its allowance, acceptance, and encouragement of opposition, it clearly impedes the process of economic development. In this case, self interest interferes with national well-being. Opposition brings political instability. Given the other cultural and historical differences between Argentina and stable democratic capitalist countries, Argentine capitalism cannot allow for democracy.



Recognizing the effects of the international system is also noteworthy. As a favorable international climate can encourage the liberalization of an authoritarian regime, an unfavorable one can destroy attempts at democratization. Many times the security concerns and economic interests of other more powerful democratic nations override the democratic goals of their foreign policy. Many examples of such a situation are prevalent in studying the long history of U.S. intervention in Latin American domestic affairs.

Because the United States fears leftist tendencies, right wing dictatorial forces have strong ties with U.S. ideological groups. In European democracy the social and economic spectrum is much wider. However, Europe in the past has had less direct contact with and influence over Latin American political regimes due to its location and recent consolidation of its own democracies. The many intrusions in Latin American politics by the United States in contrast to Europe's relative and recent lack of interest in the region prove the difference in attitudes. While the U.S. can identify better with dictatorial regimes, Europe has less to lose with the downfall of a Latin American leader (Whitehead:10-19).

It is evident, therefore, that developing nations' economic disparities, the long history and psychological

acceptance of authoritarianism, the existence of a strong force like the military, the economic crisis and the international system together stand in the way of power-sharing that democracy would bring. In democratizing today, a nation must not only work within the constraints of its national, historical, and cultural experience, but also, within the constraints of the ever increasingly important international system.

## ARGENTINE DEMOCRATIC

### EXPERIENCE

After recognizing main historical currents, the causes of today's economic crisis, the foundations of militarism, and the definition of democracy, one can finally examine the recent political and economic events in Argentina and evaluate its progress in the transition to democracy.

Near the turn of the century as a result of the alterations in the composition of Argentine society, the European immigrant brought with him the seeds of change. Representing the growing middle class the Radical Civic Union (Radical Party) formed in 1890. However, not until 1916 did the first Radical and charismatic leader, Hipolito Yrigoyen, become President. After Yrigoyen was ousted, the military ruled for the next thirteen years, aligning with the country's conservatives. Differences between the oligarchy and the middle class began to fade as both groups confronted an important new opponent: The rapidly growing working class.

Recognizing the workers poor living and working conditions due to rapid industrialization and urbanization, and also realizing the worker's potential, Peron became the masses' defender. Beginning in 1946 he ruled for nine years. The government under Peron built hospitals, raised

wages established new industries, and increased nationalism as he mobilized the Argentine masses.

However positive some of Peron's policies, the actual contributions towards democracy were questionable. Although problems with respect to implementation of government policy already existed within Argentine society, Peron only exacerbated such conditions by enticing the masses with promises of representation and by never fulfilling such obligations. Peron also interpreted his executive powers more broadly than expected by a traditional "democratic" leader. He used repression when he thought it appropriate: intervention in universities, secret police associations, implementing censorship, jailing and exiling of political enemies. Eventually his industrial policies failed and discord among the populace grew. In 1955 Peron lost control of the military and resigned from office.

After the overthrow of Peron, the military dismantled this political model of direct relationship between the leader and the masses. Peron's personalism produced permanent devotion of party channels of political expression (Cavarozzi: 132). The military banned any opposition, thereby making Peronism illegal. Hence, other modes of political activity, like unorganized rioting and defiance of tax paying, became prevalent. Because of the inconsistencies between political blocks and big business

interests, military control was rampant. Although it always existed, bureaucratic authoritarianism became consolidated. Bureaucratic authoritarianism refers to a competitive and socially restrictive regime that uses strong central force, limited liberalization, and high levels of repression in response to the mobilization of society. Even though Argentina formally embraced democracy adopting a constitution that provided for the separation of powers, a parliamentary legislature and two main political parties, seldom did a government adhere to it. Especially after Peron's terms, authoritarian control became the main tool to control Argentine society.

Repression and violence continued through the fifties, sixties, and seventies, under military rule. However, after eighteen years of exile, Peron came back as President from 1974-1975. Violence in Argentina mounted in the seventies, as battles between left-wing and right-wing Peronists eventually led to extreme terrorism and bloodshed. Hundreds of people were killed in bombings and assassinations. The government of Isabel Peron, directly following the death of Juan Peron, was the sixth civilian government overthrown by the military since 1930. However, the armed forces only moved to intervene in public affairs as a result of a broad range of popular discontent and urging of such action. "A sad fact about the strength of Argentine democracy is that

the multitudes turned into the streets to cheer the rise and fall of every government, military or civilian" (Schumacher: 1075).

Although the military took over in 1976 with the intention of ending terrorism and revamping the economy through restructuring the party system and ending inflation, neither pursuit was realized. First, the government decided to use terror to fight terrorism. Suspected guerrillas, psychologists, artists, and journalists all became subject to murder, illegal detention, kidnappings, or perjury. "Torture with electric prods; beatings, rape and drownings were common practice inside jails" (Ranis: 30).

Economic policies recommended by Minister of Economics Martínez de Hoz contributed to the economic fiasco during the military rule of the seventies. Policies designed to increase industry's competitiveness cheapened imports. "Plata dulce", or sweet money, allowed Argentines to flock abroad on vacations and to buy imported goods. "People remember this period as the time of "Give me six", because people would go on shopping sprees to Europe or to the United States to purchase six of everything" (Foster: 28). Before Videla left office, the economic bubble burst. The economy plunged into a major recession.

As a result, inflation and unemployment exploded. The

peso fell in value, while Argentines with dollar debts realized they could not meet payments. As people began investing abroad, due to extreme panic, the nation's reserves plunged.

Even as the foreign debt crisis emerged, industrialized nations' banks glutted with petrodollars only frustrated the problem more with their willingness to lend money to Argentina. When the military took over in 1976, the total foreign debt was \$6.4 billion. By 1982 it had climbed to \$38 billion (Schumacher: 1077).

Another coup in December of 1981 brought Lieutenant General Leopoldo Galtieri, commander-in-chief of the armed forces, to power. By 1982 strikes and protests demanding a return to democracy spread throughout the nation. Galtieri reacted to the popular discontent by leading the nation into an eleven week war against the British over the Falkland/Malvinas Islands, which had been a subject of longstanding territorial dispute between the two nations.

Argentina lost the war. Certainly it was a myopic gamble for Galtieri to believe that Argentina could prevail over one of the world's greatest military powers. Reasons behind engaging Argentina in external conflict obviously stem from his realization of the need for an Argentine united effort against a common enemy. While the past decade

had been characterized by civil strife within the nation, a common enemy would serve Argentine national self interests well.

Other explanations to such involvement may include Galtieri's efforts to legitimate the military's authority after its popularity had waned in the previous decade. Military governments were unable to contain politics within the narrow limits of a corporatist framework. The prior Peronist government was unable to channel diverse pressures and interests in an orderly fashion through parliament nor through a social pact, therefore resulted in complete paralysis of society.

#### THE TRANSITION TO DEMOCRACY: 1983

Following the Argentine-British conflict, and due to the decrease of military influence, free elections were held for the first time since 1946. The Radical candidate, Raul Alfonsin, won 52 percent of the vote while the Peronist candidate only obtained 30 percent (Wynia: 53). Alfonsin's goal was to fully restore and consolidate Argentine democracy.

Many factors can explain the move toward democracy in Argentina. First, a return towards democracy became popular. Thousands of Argentines had suffered emotionally from loss of family members from the terrorism and



"counterterrorism" of the seventies. Economically, the populace had been hit hard by the foreign debt and the recession of the early eighties. They believed that the military regimes of the past had been directly responsible for all of these undesirable outcomes of the seventies. However, until 1982, the military's repressive tactics spread fear so deeply that people did not dream of protesting against their economic and political disparities.

Another explanation of the turn towards democracy resulted directly from the disgrace of the war. The Falkland/ Malvina Crisis showed how poorly the military could defend Argentina against another force. Confusion resulting from uncoordinated efforts between the army the air force and the navy contributed to the military debacle.

Finally, the military forced the economy into shambles. It was impossible for such an embarrassed entity to recuperate in enough time to influence elections taking place after such a fiasco.

As a human rights activist himself, Alfonsín upheld the struggle for democracy first by investigating the crimes of the seventies enacted by the military. Chaired by the novelist Ernesto Sabato, the investigating commission took testimony from 5792 witnesses over a nine month period before submitting its report of 50,000 pages of evidence. "The case-by-case elucidation of the military's repression

of a sizable minority of Argentines became part of people's daily diet via detailed news paper accounts. It undermined, possibly for all times, the historical stature and moral superiority of the Argentine military" (Ranis: 30).

Alfonsin also wanted to bring the country out of recession, increase wages, and reduce inflation -- all incompatible goals. To accomplish such a feat he imposed price controls, and indexed wages above the inflation level. However the plan never worked. The rise in labor costs reduced industrial profitability, therefore discouraging investment; prices rose, the peso fell, and capital flight occurred. Confidence in the Radical's solutions fell also.

Economic reforms in 1985, known as the Austral Plan, were enacted to introduce a new currency, the Austral, and to halt the printing of paper money. Such economic reforms attracted greatest support from industrial sectors and the upper-middle class.

This plan became increasingly less popular with the trade unions, who supported the Peronists, primarily due to wage freezes and a slow down in the economy that resulted in job losses and reduced work weeks. Alfonsin was slow to restore collective negotiating rights and to normalize traditional union bargaining tools. Typical of frustrated Argentines, unfulfilled by the promises of the return to democracy, they refused to work by striking.

AND MENEM....

Despite Alfonsin's illustrious final attempt at controlling the economy with the Primavera Plan of 1988, inflation soared once again, causing a decrease in confidence in the Austral. While the popularity of the radicals plummeted, big business joined the public sectors demanding that the Peronist president-elect, Carlos Saul Menem, begin his term early.

Menem inherited, "a bare treasury, huge debts, and a virtually collapsed economy. Therefore he knew democracy would have to wait" (Wynia: 15). The economic plan would try to maximize consumption with fiscal austerity. He employed devaluations, increased prices, and froze wages. He decreased the size of government, continued to privatize industry and planned to stimulate economic growth through the expansion of petroleum and natural gas production for export.

Whether Menem's plans serve Argentina depends on two factors: The first is the possibility of bringing about economic recovery. The second, and crucial to the first, is whether he can stay in power long enough to evaluate implemented policies.

Two sectors mainly threaten Menem's career as

President: Organized labor and the military. Although Peronists historically were primarily supported by labor, Menem's policies are not within the past parameters of Peronist politics, but increasingly resemble those of a Radical. Menem is altering the constraints under which Peronism existed. Therefore, he is not as liked by labor as Peron had been nor nearly as popular as expected.

It is odd to see a Peronist government in Argentina with so much opposition from what historically has been its strongest supporter -- the working class. The explanation for his waning popularity in the sector largely responsible for his election is logical. Originally, Peronism was born to a generation of Argentines to accommodate the obvious changes present in the early forties. Peron saw differences in the composition of society and formed a movement that allowed for historical and cultural limitations while still mobilizing the population. He combined populism, corporatism, and nationalism as the logical progression from hierarchical institutions and government led by charismatic and popular caudillos, with his particular situation of a dissatisfied and growing working class. He saw new forces in his society and elected to offer something to accommodate for such change.

Similarly, Menem had inherited a country limited by new considerations that never existed earlier. While

Argentina is more democratic than ever before, the economic crisis is more acute. There are more self-employed in the work force than in any prior period (Mora y Aroujo: 183). The dirty war created an unprecedented gap in the distribution of income -- one that unfortunately widened during Alfonsín's term. Suddenly Argentine cities are lined with miles of "villas miserias", or shanty towns, constituted by the millions of severely impoverished who continue to suffer as each president promises salvation.

The international climate has changed too. During Peron's first presidency, multinational corporations and large industry did not exist to the magnitude that they today. The international financial system has grown and become increasingly intricate, more complex than ever imagined during the consolidation of Peronism.

Therefore, Menem is acknowledging such a difference. He is attempting to allow for such new actors and changed sectors of Argentine society to interact within a new political formula, or social pact, like Peron had first done in the forties.

The other sector with whom Menem must contend is the military. Until now the military has not directly interfered with Menem's policies. Recently, however, threats from Seineldin and Rico, top military officers, have

been heard, as the economic crisis and political instability resulting from the ever-popular tool of all sectors, the strike, increases pressure on the government. These militarists have become increasingly popular and welcomed by the people as the future providers of economic stability.

#### 1990: ARGENTINA AND DEMOCRACY

After only seven years since military rule in Argentina, can it be considered a democratic nation? It is particularly difficult to answer such a question recognizing that the present system is in a state of transition. Due to the actions the government has recently employed to accommodate change, two possible outcomes will determine the answer to such a question. First, if Seineldin and company step in to control the economy and the population by putting a lid on inflation. Such a situation would provide the easy answer of "NO" to the existence of democracy in Argentina. As a governmental force the military's presence denies all possibilities to achieve power-sharing, for the military's objective would be to maintain a monopoly over society.

Second, the possibility of Menem completing his plan and successfully altering the alliance system with regard to today's dominant players, is complex and therefore, much more difficult to evaluate in terms of democracy.

Peron did not create democracy in Argentina. He mobilized society and created a framework by which distinct sectors of society would align themselves to maximize individual goals. His system lasted for forty years. But eventually the dominant sectors of society changed and the system, as it stood was ineffective --it became out grown. Therefore, Menem takes up the task of serving as the "Peron of the nineties", in the respect that he is attempting to form a new alliance between today's largest actors.

Like Peron, Menem does not seek democracy either. Since he is committed to forming only a new alliance between the most influential sectors of Argentine society, if successful, he will only create a structure so the whole nation does not absolutely collapse into a situation long overdue -- a civil war. He will create a "new and improved" system whereby only those who understand it can work within it to reap its benefits by maximizing their own personal goals.

Such a system has, in the past not only bred inconceivable levels of governmental corruption, but has served as the primary reason why Argentines are so uncommitted to democracy; democracy breeds uncertainty. For the past forty years Argentines have been too concerned with economic and political existence in terms of SURVIVAL. The

Argentine tries to maximize what he has, both economically and politically. He is psychologically uncommitted to the foundation of democracy as both historical and personal experience have forced him to accept and to even embrace authority.

The Argentine is playing a zero sum game. If he should cooperate and submit to the uncertainties of democracy, will his neighbor do the same? Probably not, thereby making him worse off. Maximizing self interests are so deeply entrenched in the Argentine psyche that most people should, theoretically, support Menem's initiative towards a redefinition of the social pact -- as long as they learn how to maximize their well-being within the confines of the new system.

But the most obvious factor in assessing Argentine democratization in 1990 is the ease by which the military threatens to overthrow today's government. Even if Menem is successful, the possibility of military intervention is acute and will definitely exist in the future. If this happens, Argentine history will be once again destined to repeat itself.

Although Alfonsín moved in the right direction in 1983, he did not complete the democratization of Argentina. He left Argentina to a man who actually serves to defeat all that democracy could bring because he allows for the



-69-

continuation of Argentine ills to flourish into the next decade.

## CONCLUSIONS

Taking into account the limitations of the Anglo-American definition of democracy, there are still some aspects that can be applied even when noting the Argentine historic, economic, and cultural past. For example, a new model, one that works within the specific context of Argentine national experience, could begin to pave the road for power-sharing. It needs its own system of checks to safeguard against past tendencies of power concentrated in few sectors. Argentines must demand socially responsible officers, they must demand that the government's attitude toward opposition changes from hostility to friendliness, they must not accept such widespread economic immobility, and they must demand that the military never becomes as strong or influential as it had been in the past.

Government accountability for the public's funds and for their own actions would serve as a remedy for the people's lack of trust in public officials, for corruption would be limited. Corruption would also be dramatically decreased if Argentines demanded to be made more aware of expenditures of public funds. If the citizens could participate in the allocation of such funds, eventually the government would have no choice but to become more efficient.

The state of large scale poverty that exists should not be tolerated nor accepted. The Argentine government should provide the environment in which it is possible for ALL people to maximize their self interests, if so desired. Presently rare opportunities for improving their standard of living, let alone for their survival, exist.

Democracy also indicates an alternation of power. But presently opposition is shunned. Even the "democratic" governments of Alfonsín and Menem perceived popular protests as a threat. Alfonsín claimed that the women who participated in the weekly demonstrations against the government's dealings with the aftermath of the "Dirty War", were antinationalist. Similarly, Menem periodically holds that layed-off blue collar workers protesting in front of the Casa Rosada (executive house) or even in 30,000 person demonstrations are infiltrated by subversives. In a democracy, opposition is to be expected, tolerated, and encouraged, not denounced.

And finally, Argentines must not accept the possibility of military supremacy over a civilian government. Such a condition impedes the very growth of democracy as it diametrically opposes the values that lie within the sharing of power.

For Argentinians to demand such a new system, one where

the government is responsible for its actions, one where the possibility of economic mobility exists, one that welcomes opposition, and one that shuns military dominance, people must acknowledge that certain past values contribute to today's economic and political situation and they must work hard in changing the acceptance of authoritarian rule. Such a realization of democracy in Argentina can only be possible if certain prerequisites are met. First, Argentina needs strong national figures. Such leaders should not play the past role of the caudillo by broadly interpreting executive power, but they should serve as emotional inspiration to restore confidence and the faith that they can in fact gain most by working together to create democracy. They need confidence and motivation to believe that they have within them the tools to accomplish such a goal. Only once they are shown the benefits of democracy can they begin to commit themselves to the hard work necessary to maintain such a system. Preferably such leaders should not originate from the government, as today political leaders in Argentina are widely discredited. Possibly, someone with whom the people can identify as having something in common could lead them down such a road.

Second, the military needs to be considerably weakened for such a process to take place. Historically, any threat

to the military's monopoly of power has served to strengthen it and to limit personal freedoms of the people. A serious movement towards democracy could only be realized if the armed forces do not pose a threat to the movement's progress.

Alfonsin had met the above conditions to lay down the fundamental characteristics for democracy to flourish. He had been a well-respected human rights spokesperson during the years of the "Dirty War", and he had nothing to do with the preceding military regime. Also, due to years of the "Dirty War" and the final fiasco of the Falkland/Malvinas Island War, the army was at its lowest nadir in history, as it was completely exhausted.

So what did Alfonsin do wrong? How could he have possibly failed in finally laying down a system where the virtues of power sharing could be realized? Alfonsin denounced opposition and only worked within influential sectors to continue running the government instead of ardently pushing for progress towards the development of firmly root democratic institutions and instead of weeding out corruption and the environment that breeds it.

Alfonsin is not the only one to blame. Although he was not as inspirational as was necessary, the major push for democratization should have come from the middle classes of society. This sector had and still has within it the seeds

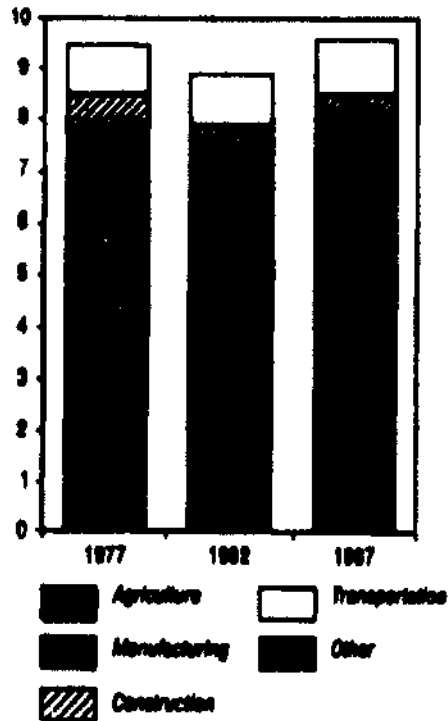
to plant democracy. Only it can allow for democracy's cultivation by rejecting anything less.

Taking into account the relative position and strength of the military and Menem's lack of effective leadership, the only unified popular effort towards democratic consolidation would be through a mass revolution. But given the survivalist, "if you can't beat 'em join 'em" mentality of his people -- especially in times of a recession, as Argentines now face -- and given the international system's dislike and distrust of popular revolutions (which, as evident in the case of Nicaragua, have been paralyzed) such an uprising is highly unlikely.

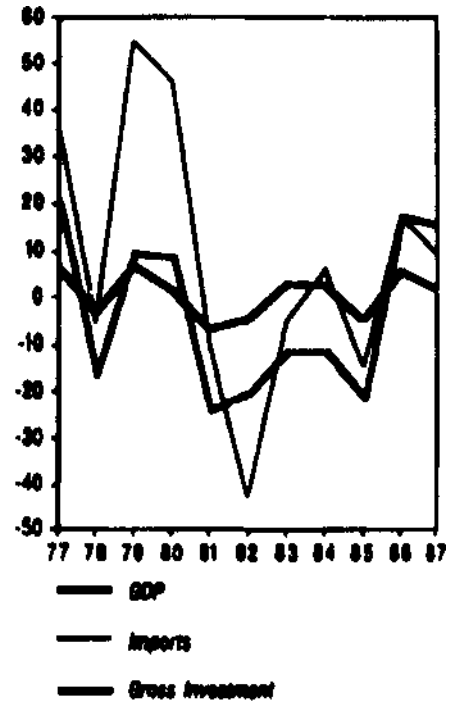
Perhaps the next time the conditions favoring democracy's establishment exist, the people of Argentina will act quickly and decisively towards committing their fellow citizens to the fruits of democracy -- to finally alter the course of their history.

## **APPENDIX**

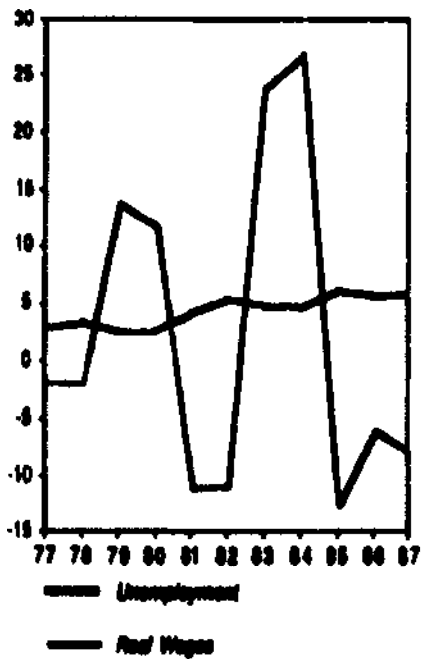
**GDP BY SECTORS OF ORIGIN  
1977, 1982, 1987  
(THOUSANDS OF 1975 AUSTRALAS)**



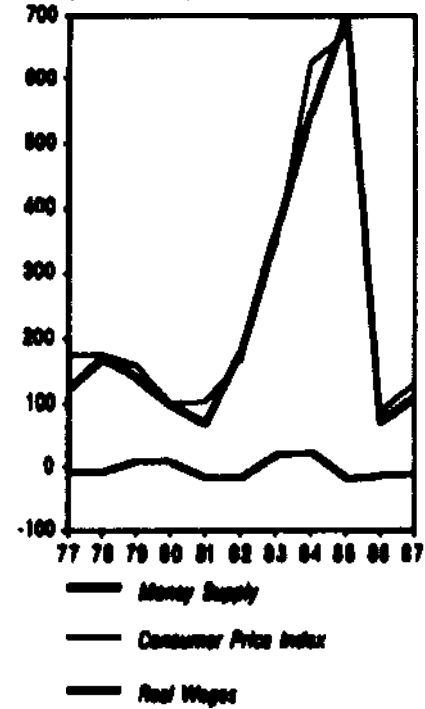
**GROWTH OF GROSS DOMESTIC PRODUCT,  
IMPORTS AND INVESTMENT, 1977-1987  
(PERCENTAGES)**



**UNEMPLOYMENT RATE AND CHANGES  
IN REAL WAGES, 1977-1987  
(PERCENTAGES)**



**GROWTH OF MONEY SUPPLY, PRICES  
AND WAGES, 1977-1987  
(PERCENTAGES)**





-77-  
BALANCE OF PAYMENTS, 1977-1987  
(BILLIONS OF DOLLARS)



TOTAL EXTERNAL DEBT, 1976-1987

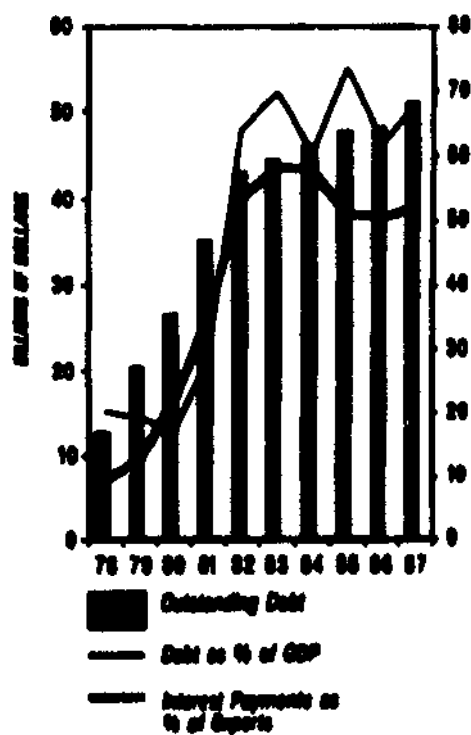


Table 1. Real wages and factor income distribution in Argentina, 1970-86

Year	Real wage industrial worker 1983 = 100	Non-agricultural	Wage bill / non-agricultural GNP
	(1)	(2)	(%)
1970	113.3	127.6	50.6
1971	119.2	132.6	51.8
1972	111.9	123.5	46.9
1973	118.8	133.5	51.9
1974	132.4	146.8	56.0
1975	134.3	136.2	49.9
1976	94.9	95.3	36.1
1977	81.2	85.8	34.3
1978	77.0	81.4	38.3
1979	88.9	95.3	39.0
1980	99.0	108.1	45.6
1981	93.0	99.1	39.0
1982	80.6	84.1	31.9
1983	100.0	100.0	39.3
1984	127.1	121.8	—
1985	111.6	114.0	—
1986	105.2	114.6	—

(1) Deflated by consumer price index of same month. (2) Deflated by consumer price index of next month. Calculations on the basis of data of the BCRA; CEPAL (unpublished) for real wages of industrial workers. Between 1970 and early 1976 the wage series includes only basic wage rates; since 1976 it includes total remunerations.

Table 2. Distribution of personal income in Argentina, 1961-85 (in percentages)

Non-agricultural Argentina <sup>1</sup> 1961		GBA <sup>1</sup> 1969-70		GBA <sup>2</sup> 1975		GBA <sup>2</sup> 1985	
Popu- lation <sup>3</sup>	Income <sup>4</sup>	Popu- lation <sup>3</sup>	Income <sup>4</sup>	Popu- lation <sup>3</sup>	Income <sup>4</sup>	Popu- lation <sup>3</sup>	Income <sup>4</sup>
<b>Lower</b>							
20.0	7.6	19.3	5.9	20.0	6.4	20.0	5.9
40.0	18.2	43.6	19.7	40.0	17.5	40.0	15.2
50.0	—	53.6	27.3	50.0	24.9	50.0	21.6
60.0	31.4	62.7	35.4	60.0	33.8	60.0	29.3
<b>Intermediate</b>							
20.0	18.0	19.1	22.4	20.0	22.8	20.0	21.2
<b>Top</b>							
20.0	50.5	18.0	42.3	20.0	43.4	20.0	49.4
10.0	38.2	9.4	28.1	10.0	27.7	10.0	33.5
Gini	.41		.38		.36		.42

<sup>1</sup> Refers to household incomes. <sup>2</sup> Refers to individual incomes. See Altimir (1986) for estimates of distribution of household incomes in the GBA between 1974 and 1981, and for estimates of individual income distribution in "urban areas" (GBA plus ten cities) in 1975 and 1980. The trends are similar to the above for 1975-85. <sup>3</sup> Refers to percentages of population. The lower cumulative 20 to 60 per cent; the intermediate (non-cumulative) 20 per cent; and the top 10 and 20 per cent. <sup>4</sup> Refers to percentages of income.

Source: Figueroa and Weisskoff (1980) for non-agricultural Argentina; INDEC (n.d.) for GBA (Greater Buenos Aires) in 1969-70; Altimir (1986) for GBA in 1975; and own calculations on the basis of data of the Encuesta Permanente de Hogares (unpublished) for GBA in 1985 (October)

- 79 -  
TABLE 3  
ARGENTINA OCCUPATIONAL STRUCTURE,  
1979-1980

Sector	1970	1980
Middle classes	40	40
Self-employment, middle and lower	20	30
Industrial working class	25	15
Other lower class	15	15
	100%	100%

Source: estimates based on census

Elections in Argentina, page 183

Table 4. Unemployment and real industrial wages, 1970-85

	Unemployment* (Greater Buenos Aires)	Real wage indices		
		A	B	C†
1970	4.8%	100.0		
1971	5.7	105.2		
1972	7.4	98.2		
1973	6.1	104.8		
1974	4.2	116.6		
1975	2.4	117.7		
1976	4.8	75.7	100.0	
1977	3.4	65.3	98.6	
1978	3.9	60.8	97.1	
1979	2.0	68.4	111.1	
1980	2.3	76.1	123.6	83.3
1981	4.0		111.1	77.5
1982	5.7		99.3	73.5
1983	5.2		128.4	93.4
1984	4.0			112.4
1985	5.6			84.8*

Sources: Unemployment, 1970-84 from SIGEP (1984), p. 38; 1985 for FIEL (1986), p. 29; Real wages A & B from SIGEP (1984), p. 35; Real Wages C from FIEL (1986), p. 98.

\* As of April      † December 1983 = 100.0      • Through November 1985 only.

World Development, page 1002

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